



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

MAY 2 2001

MEMORANDUM FOR COMMANDER, NAVAL RESERVE FORCE

Subj: GOVERNMENT TRAVEL CARD

As I previously noted in correspondence addressed to Major Commands, Bank of America, our travel card provider, suggested terminating the current travel card contract due in part to the high delinquency rate within the Department of Defense. However, our efforts to reach a viable travel card agreement with Bank of America have succeeded and a modification to the task order was recently signed.

A major factor in our success was the significant reduction in the Department of Defense delinquency rate for individually billed cardholders. Within the Department of the Navy, the Reserves and the Fleets have made real progress in this area. This gave Bank of America the assurance that we can be responsible partners. Your staff, led by Commander Michael Schesser, has been particularly aggressive in this area. The significant changes to our agreement with the bank allow for:

a. The Bank to increase the monthly late fee charged from \$20 to \$29 on certain accounts that are 75 days past due and to increase the return check fee from \$20 to \$29.

b. Deactivation of accounts for "infrequent travelers" (defined as those military or civilian personnel who travel two or fewer times a year).

c. The Bank to submit for collection of delinquencies through salary offset for individuals who are 90 or more days past due in paying their bill.

d. Lower cash and line of credit limits and minimum ATM cash advance fee of \$2 or 3 percent whichever is greater.


e. The split disbursement of travel claim payments directly to the Bank for charges on the card, unless the individual opts not to have split disbursement.

These terms still have allowed us to maintain a fee structure that is less than current private sector experience.

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I believe the most significant benefit for us is that the contract now allows us to independently explore with Bank of America the viability of a debit card program. While your Command has made great progress in clearing its delinquency rate, I believe we need to make structural changes to the travel card program, and a debit card program may be most useful in providing travel card services for the Reserve community. The Reserves face a daunting challenge with members spread far and wide, often living far from their drilling units. An innovative debit card program should help Reservists in managing their travel costs. To help facilitate the development of this product, I am asking that you identify individuals covering both operations and finance to work with my Office of Financial Operations (FMO) staff to arrive at a methodology. We also need to identify a site to pilot the debit card program and I invite your recommendation.

I appreciate the efforts made by the Reserve community to make improvements in the travel card program. It was a key to allowing us to come to a mutually satisfactory agreement with the Bank. We need to work together to develop a debit card program. My point of contact is Mr. Dave McDermott at 202-685-6719.



CHARLES P. NEMFAKOS
Senior Civilian Official

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